



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

**STATE OF ARIZONA**  
**OFFICE OF THE**  
**AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

June 16, 2004

Governing Board  
Ganado Unified School District No. 20  
P.O. Box 1757  
Ganado, AZ 86505-1757

Members of the Board:

In our compliance review report issued January 15, 2004, we notified you that the District had not complied with the *Uniform System of Financial Records* (USFR) for the year ended June 30, 2002. In that report we indicated that after 90 days we would schedule an on-site review of the District's internal controls to determine whether the District was in substantial compliance with the USFR.

We have since received and reviewed the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2003, to determine whether the District was in compliance with the USFR as of that date. Based solely on our review of these documents, the District has complied with the USFR. Therefore, it is not necessary for us to schedule an on-site review of the District. However, we noted that the District still had numerous internal control deficiencies cited by its auditors in the Schedule of Findings and Questioned Costs and the USFR Compliance Questionnaire. These deficiencies indicate that the District's internal controls are still especially weak in ensuring compliance with the School District Procurement Rules (*Arizona Administrative Code* R7-2-1001 et seq) and guidelines for competitive purchases below the dollar limits required for sealed bids (USFR page VI-G-8), ensuring that travel related expenditures were appropriate, and that cash controlled funds had sufficient cash balances prior to making expenditures.

Although the cited deficiencies do not cause substantial noncompliance, the District must take corrective action to continue to satisfactorily comply with the USFR.

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If you have questions concerning the deficiencies or how to correct them, or would like a written summary of deficiencies with recommendations for correction, please call Magdalene Haggerty, Accounting Services Director, or Gregg Rickert, Accounting Services Manager, at (602) 553-0333.

Sincerely,

Debra K. Davenport  
Auditor General

DKD/MH/gr

cc: Dr. Peter M. Belletto, Superintendent  
Ganado Unified School District No. 20  
The Honorable James Tomchee, Apache County School Superintendent  
Ms. Vicki G. Salazar, Associate Superintendent of Financial Services  
Arizona Department of Education